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CWEP'S (COMMUNITY WORK EXPERIENCE PROGRAMS)

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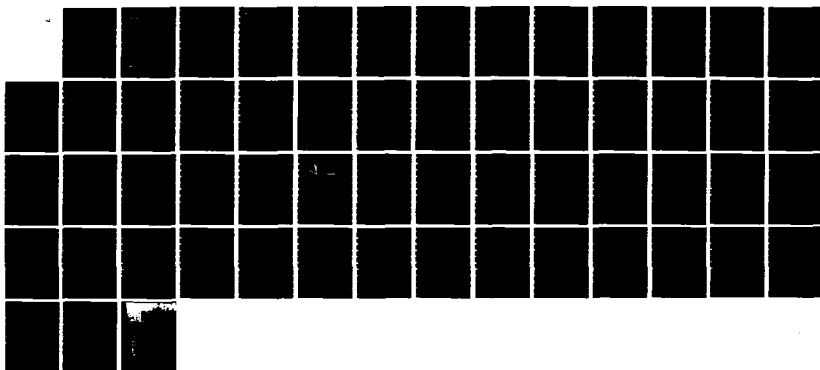
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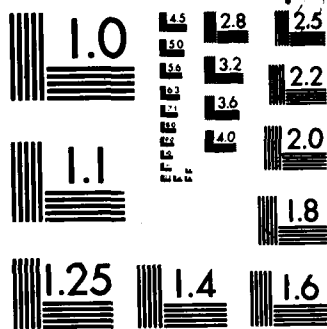
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REPORT BY THE U.S.

# General Accounting Office

## CWEP's Implementation Results To Date Raise Questions About The Administration's Proposed Mandatory Workfare Program

Community Work Experience Programs (CWEP's) provide work experience and training to Aid to Families with Dependent Children (AFDC) recipients. The administration now proposes to make CWEP's mandatory in all states and to phase out the Work Incentive Program (WIN). The aim of this workfare proposal is to reduce AFDC program costs and to provide benefits to recipients and their communities.

GAO surveyed current CWEP implementation in all 16 states that had operational programs as of February 1, 1983, and found that evidence is lacking on whether CWEP reduces the long-term costs of the AFDC program. However, early experience with CWEP's shows that administration proposals to replace WIN with an expanded CWEP and job search program may increase short-term costs and also shift more of these costs to the states.

Additionally, problems in implementation are likely because the CWEP's now in operation are unlike the intended workfare in important ways. Most of the states operating CWEP's do not require participants to work off their AFDC grants; most employable adult AFDC recipients are not in CWEP's because most programs are not statewide; many adults are exempted by the states from participation; and many who are not exempted are still not required to participate. These implementation findings suggest considerable variance from the requirements of the national workfare program being proposed by the administration and decrease expectations of success that are grounded in the recent CWEP experience.

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PROGRAM EVALUATION  
AND  
METHODOLOGY DIVISION


B-208885

The Honorable Robert Dole  
Chairman, Committee on Finance  
United States Senate

The Honorable Dan Rostenkowski  
Chairman, Committee on Ways and  
Means  
House of Representatives

This report examines the implementation of AFDC Community Work Experience Programs (CWEP) in 16 States. The scope of the study is limited to all CWEP's in operation as of February 1, 1983. In this report, we address the degree to which these programs conform to the goals of workfare. We also discuss the implications of our findings for the recent mandatory work proposals for AFDC recipients.

We are sending copies to others who are interested and will make copies available to others upon request.

  
Eleanor Chelimsky  
Director



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GENERAL ACCOUNTING OFFICE  
REPORT

CWEP'S IMPLEMENTATION RESULTS  
TO DATE RAISE QUESTIONS ABOUT  
THE ADMINISTRATION'S PROPOSED  
MANDATORY WORKFARE PROGRAM

D I G E S T

"Workfare," a concept that combines work and welfare, has become increasingly popular as federal and state legislators and public assistance officials attempt to control the size and cost of welfare programs. In this report, GAO defines a workfare program as one in which employable public assistance recipients receive benefits only if they "work off" their grants in unpaid jobs.

In 1981, Congress passed legislation, with the support of the administration, that allows states to implement workfare programs for recipients of the Aid to Families with Dependent Children (AFDC) program. This legislation authorizes the creation of the Community Work Experience Program (CWEP), which provides work experience and training for AFDC recipients. Under CWEP, the states can operate an AFDC workfare program: that is, they can require all employable AFDC recipients to work at unpaid jobs in return for their AFDC benefits. There is such flexibility in the legislation, however, that the states can establish programs that have little similarity to the concept of workfare. In this review, GAO examines the relationship between CWEP, as implemented by the states, and workfare.

OBJECTIVE, SCOPE, AND METHODOLOGY

The goals of AFDC workfare, as described in the workfare literature and in the administration's budget and policy statements, are to

- implement a program in which AFDC recipients work off their grant benefits for no additional pay,
- achieve participation in the program by all employable AFDC recipients, and
- reduce the costs of the AFDC program and produce benefits for welfare recipients and their communities.

The objective of GAO's review of CWEP was to examine the implementation of this new program, determine the extent to which the states have used CWEP to establish workfare programs, and draw some lessons from the experience that could be useful to the Congress. GAO focused especially on the specification and accomplishment of these three goals in order to compare CWEP initiatives with workfare. The review comprised two phases: (1) an examination of the evaluations of past workfare programs and (2) a survey of the 16 CWEP programs that had been established by the states by February 1, 1983. Because the CWEP programs can differ extensively, because there is already substantial diversity in each state's AFDC program, and because there have been recent proposals to make CWEP mandatory, it becomes particularly important to identify what each state has implemented as CWEP. GAO's attention to the relationship between CWEP and workfare is intended to be of use to the Congress in its oversight of programs operating under the 1981 legislation and in its consideration of the administration's proposed legislative changes to CWEP.

DO CWEP PARTICIPANTS WORK OFF  
THE VALUE OF THEIR GRANTS  
AT UNPAID JOBS?

The first workfare goal is to implement a program in which AFDC participants work off the value of their grants at unpaid jobs. That goal is made up of three subgoals:

- participants will perform work at job sites,
- they will not receive additional pay for their work (compensation is not to exceed the amount of their work-related expenses), and
- they will participate in the program enough hours to work off the grant amount at the minimum wage.

GAO finds that CWEP participants, as mandated in the program regulations, are in fact working at job sites in public agencies and public non-profit organizations. CWEP's in 8 states include other activities in addition to working at jobs. Seven states offer job search, and 4 others have classroom training that supplements the work-experience activities.

In Iowa and Oklahoma, some AFDC participants are receiving payments that may represent additional compensation for the work they are required to

do. Iowa's pilot program for single-parent families gives an allowance equal to 15 percent of the basic grant in addition to the \$25 work-expense payment. Oklahoma pays participants either \$3 or \$6 for every day worked (depending on whether it is at part-time or full-time employment), regardless of actual work expenses, plus a one-time \$30 "start-up" payment; for participants who work full-time, monthly payments could exceed \$100 per month.

Most of the state programs do not require CWEP participants to work off the grant and they do not expect recipients to stay in CWEP for as long as they continue to be eligible for AFDC. That expectation is met in only 3 of the 16 states in GAO's survey--Delaware, Idaho, and West Virginia. And in these 3 states, the majority of the employable adults receiving AFDC are not required to participate in CWEP.

In the other CWEP's, participants may substitute job search or training activities for time at a work site, receive compensation that exceeds work expenses, or work less time than would be required to work off the grant. These activities reflect state officials' emphasis on attempting to improve participants' employability, even if doing so reduces the amount of work that the participants provide to the community in return for their welfare payments.

#### ARE EMPLOYABLE AFDC RECIPIENTS REQUIRED TO PARTICIPATE?

The second "workfare" goal is to achieve participation in the program by all employable AFDC recipients. GAO finds that no state operates a program that meets this goal.

Only 4 states have CWEP's statewide. Eleven of the 17 CWEP's (in 16 states) encompass fewer than a third of the counties in their states. GAO finds that participation in a state CWEP often depends on local or county interest and that many localities do not volunteer.

Most states with CWEP's choose eligibility criteria for their programs that are similar to those used for existing work and training programs for AFDC recipients. The recipients who are considered more costly to place in work sites--such as individuals with day-care or

transportation needs--have generally been excluded.

Because of these restrictive eligibility policies and CWEP's small-scale implementation, participation has been limited. The number of CWEP participants in a state ranges from 20 to 6,849. Only Alabama's CWEP includes as many as 50 percent of the eligible recipients. In 7 of the 12 state programs for which data are available, fewer than 20 percent of those who are defined as eligible are participating in CWEP.

Officials in the states that have implemented CWEP give several reasons why participation in the program is lower than was expected. One major reason is that the states have to pay the total costs above \$25 for work expenses for each participant. To save money, the states have reduced their participation requirements or have exempted clients who could work but have expensive child care or transportation needs. Other states have elected to require individuals to participate only if CWEP officials believe that the work experience would be beneficial. Finding appropriate work sites is also a problem.

DOES CWEP REDUCE AFDC  
PROGRAM COSTS AND PROVIDE  
OTHER BENEFITS?

The third workfare goal is to reduce program costs and provide specific benefits not only to the recipients but also to the community at large. Little information is available about the effectiveness of CWEP in helping recipients obtain jobs, removing from AFDC those who are already able to find work, reducing AFDC program costs, or accomplishing other goals. Some studies are now under way that may soon provide information about CWEP's effectiveness, including the extent to which net welfare savings may occur after considering CWEP program costs.

Although evaluative data are lacking at this time, state officials have told GAO that they believe that their CWEP's provide a valuable service to the community, psychological benefits to the participants, and greater public confidence that the welfare system is fair. Opinions are mixed, however, as to whether CWEP is likely to reduce the long-term cost of the AFDC program.

## SUMMARY OBSERVATIONS

The 1981 CWEP legislation allows states to develop workfare programs for their AFDC recipients, but GAO's survey shows that the programs that the states are establishing do not match the goals for workfare. In the 16 states that had operational CWEP programs on February 1, 1983,

--many AFDC recipients are not required to work off the value of their assistance grants at unpaid jobs;

--most employable adult AFDC recipients are not in CWEP because most programs are not state-wide, many adults are exempt from participation, and many who are not exempt are not being required to participate; and

--there is little evidence about whether net AFDC costs have changed because of CWEP, although state officials are optimistic about other benefits that are provided by the program.

From 1982 through 1984, in budget documents and legislative proposals, the administration requested changes that would reduce the flexibility the states have with respect to CWEP. The proposals for fiscal year 1985 would require that all states establish a CWEP and would penalize them if they failed to achieve a specified level of participation of AFDC recipients at work sites. These proposals would also terminate the Work Incentive program (WIN).

If the proposals are passed by Congress, the short-term costs of the revised CWEP program are likely to increase, because the states will have to implement larger programs. CWEP's will include all employable AFDC recipients regardless of their day-care and transportation costs. For example, Michigan, which has the largest CWEP in the nation, with fewer than 7,000 participants, will have almost 200,000 adults to screen, place at sites, and compensate for work expenses. Most states will have to hire more staff to administer substantially expanded programs. Administrative costs will also be made greater by the need to pay the work expenses of the greater number of participants.

The administration has proposed abolishing the Work Incentive program and replacing it with a

program that would combine an expanded CWEP and job search. However, current CWEP's have received substantial, indirect benefits from the WIN program, and some states have benefited directly by obtaining WIN's 90 percent federal funding for CWEP costs (rather than CWEP's 50 percent) when CWEP is part of a WIN demonstration. The net effect of abolishing WIN and expanding CWEP would be to shift more of the cost to the states. Thus, not only are CWEP's short-term costs likely to increase under the administration's proposals but also the burden of those costs is likely to fall much more heavily on the states than it has in the past.

At the same time, these initial cost increases might be offset by long-term AFDC savings if this revised program were successful in reducing the number of individuals who receive welfare benefits. Since workfare, as such, has not been implemented and evaluated in the states, it is not yet known whether long-term savings and benefits can be achieved.

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**ABBREVIATIONS**

AFDC	Aid to Families with Dependent Children
AFDC-UP	Aid to Families with Dependent Children of Unemployed Parents
CWEP	Community Work Experience Program
DOL	U.S. Department of Labor
EDD	California Employment Development Department
GAO	U.S. General Accounting Office
HEW	U.S. Department of Health, Education, and Welfare
HHS	U.S. Department of Health and Human Services
WEAT	Work Experience and Training Program
WIN	Work Incentive Program

## CHAPTER 1

### INTRODUCTION

"Workfare," a concept that combines work and welfare, has become increasingly popular as federal and state legislators and social welfare officials attempt to control the size and cost of welfare programs. In this report, we define a workfare program as one in which public-assistance recipients who are considered employable receive their benefits only if they "work off" their grants in unpaid jobs.<sup>1</sup>

In 1981, with the support of the administration, Congress passed legislation that allows the states to implement workfare programs for recipients of the Aid to Families with Dependent Children (AFDC) program.<sup>2</sup> The Omnibus Budget Reconciliation Act (Public Law 97-35) authorizes the creation of the Community Work Experience Program (CWEP), which is to provide work and training for AFDC recipients. Under CWEP, the states can operate an AFDC workfare program; that is, they can require all employable AFDC recipients to work at unpaid jobs in return for their AFDC benefits. There is such flexibility in the legislation, however, that the states can also establish CWEP's that have little similarity to the concept of workfare.

### WELFARE AND WORK: A BRIEF HISTORY

AFDC was established in 1935, as Aid to Dependent Children, to provide financial support for needy children without fathers. The mothers of these children (and the fathers who were disabled) were considered to be unemployable. Over the years, the AFDC caseload has changed because of the federal government's allowing the states to extend eligibility to families with able-bodied but unemployed fathers.<sup>3</sup> Society has also changed in that more

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<sup>1</sup>See Workfare: Breaking the Poverty Cycle, Heritage Foundation Backgrounder No. 195 (Washington, D.C.: The Heritage Foundation, July 9, 1982), p. 2. See also Demetra Smith Nightingale, Workfare and Work Requirement Alternatives for AFDC Recipients: New Priority on an Old Issue (Washington, D.C.: The Urban Institute, 1982), p. 5.

<sup>2</sup>Although the states could not operate AFDC workfare programs between 1967 and 1981, several states did have workfare programs for recipients of their state-funded and county-funded general-assistance programs, and the Food Stamp Act of 1977 (Public Law 97-113) authorized workfare demonstration projects for food stamp recipients.

<sup>3</sup>The extended program is called Aid to Families with Dependent Children of Unemployed Parents (AFDC-UP) and provides benefits to two-parent families who are needy because of the unemployment of the principal wage earner. Less than half the states have

mothers of young children are now working. These changes have led to a revision of views about the appropriateness of requiring welfare recipients to work and, in turn, to a series of work programs designed to move welfare recipients into employment and self-sufficiency.<sup>4</sup> Table 1 is an abbreviated chronology of federal work and training programs from the 1960's through the present administration's proposals for fiscal year 1985.

Work programs in the 1960's emphasized  
the improvement of their recipients'  
labor-market competitiveness

Work programs for welfare recipients during the 1960's emphasized improving the ability of welfare recipients to compete in the labor market and consisted mostly of training programs and social support services. Two exceptions were the Community Work and Training Program and its successor, the Work Experience and Training Program (funded under title V of the Economic Opportunity Act of 1964 (Public Law 88-452)). These programs were operated as one type of workfare program for AFDC recipients. In the states in which they were implemented, participation was voluntary for AFDC mothers but mandatory, in some situations, for AFDC fathers in two-parent families. Legislation that was passed in 1967 terminated the states' option of establishing workfare programs for AFDC recipients for the next 13 years. However, California and Utah were two exceptions.

Workfare was tried in California  
and Utah in the 1970's

In the 1970's, workfare was tried in a demonstration project in California and incorporated with the AFDC program in Utah. The California project is commonly considered to be the origin of most of the recent efforts to institute workfare programs for AFDC recipients. It was a 3-year demonstration begun in 1972 as part of a major reform designed to curb the rapidly increasing costs of California's AFDC program. However, the project's severe implementation problems prohibit drawing clear conclusions about its effectiveness.

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this program. All states provide aid to needy children in single-parent families. We call this program AFDC-Basic. Some AFDC-Basic families include two parents, but their eligibility is based on the disability of a parent, not on unemployment.

<sup>4</sup>For a discussion of these points and a more complete review of the work-welfare literature, see Berkeley Planning Associates, Evaluation Design Assessment of Work-Welfare Projects (Washington, D.C.: Office of Research and Statistics, Office of Policy, Social Security Administration, U.S. Department of Health and Human Services, 1981).

Table 1

An Abbreviated Chronology of Work and Training  
Programs for AFDC Recipients 1962-84

<u>Program</u>	<u>Date</u>	<u>Characteristics</u>	<u>Relation to workfare</u>
Work Experience and Training Program; Community Work and Training Program	1962-67	Mandatory for fathers in 2-parent families	Literature reports programs were similar to workfare
Work Incentive (WIN)	1967-	Provides work and various training programs for the employable	HEW interpreted as prohibiting workfare
California "workfare" demonstration	1972-74	HEW-approved; implementation difficult; never enrolled more than 1% of California AFDC caseload	An attempt to implement workfare
Utah "workfare" project	1974-	HEW ruled out of compliance with federal regulations, later accepted; participation significantly higher than in Calif.; used often as example of how well workfare works	Administration and literature identify as workfare
Community Work Experience Program (CWEP)	1981-	Optional; provides work and training in 16 states	Allows states to implement workfare goals
Administration proposals for changes in CWEP	1983	Every state would have to have a comprehensive work program (job search and CWEP) with monetary penalties for less than 75% participation of all able-bodied AFDC recipients; would abolish WIN	Would require states to implement workfare goals
"	1984	Similar to FY 1983 proposals	Same as 1983

The program was expected to enroll 30,000 participants during the first year, but the number enrolled never came close to this. In the first year, only 1,500 were enrolled--less than 4 percent of the first-year target. At no time did participation exceed 1 percent of the total AFDC caseload. The greatest activity was in calendar year 1974, the third year of the demonstration, when an estimated 4,760 persons participated in the program. However, this number constituted only 2.6 percent of the eligible AFDC recipients and only 0.2 percent of the AFDC caseload in the counties that had the program.

The program's implementation problems stemmed from litigation in the courts, opposition from state legislators, opposition from county welfare directors and social workers, and the refusal of some counties to appropriate money for the program's activities. The U.S. Department of Health, Education, and Welfare (HEW) discontinued the project's demonstration status, and the program was terminated in 1975.

Utah's Work Experience and Training Program was established not as a demonstration project but as a permanent requirement of the state's AFDC program. Initially, HEW ruled that the program did not comply with federal regulations, which were interpreted as prohibiting workfare programs. As a result, federal funds were withheld for 2 years, until the administration reversed the initial ruling and approved the program in May 1976. The program is still operating.

Utah's program has been more successful than California's in placing recipients in work sites, although there have been no evaluations of the program's effect on the AFDC program or on the participants. From June 1974 through December 1980, the program screened a total of 25,387 welfare recipients for work assignments. Among these, the cases of 4,362 were closed during screening, 13,035 AFDC recipients were temporarily excused from participating, and the remaining 7,990 recipients were assigned to work projects. During July-December 1980, the last period for which statistics were reported, 79 percent of the people who were required to participate were assigned to work sites.

The 1967 Work Incentive program focuses on work rather than welfare

Except for the programs in California and Utah, work-welfare programs from 1967 to 1981 focused on providing incentives for AFDC recipients to work. One such program is Work Incentive (WIN), created by federal legislation in 1967 and still in operation. It is administered jointly by the U.S. Department of Labor (DOL) and the U.S. Department of Health and Human Services (HHS).

WIN was at first voluntary for most AFDC adults but mandatory for employable fathers in two-parent families. However, the legislation was amended in 1971 to require that AFDC mothers and

fathers between the ages of 16 and 65 register for WIN unless they are exempt because they are physically disabled or ill, in school (if 21 or younger), the mother of a child younger than 6, or needed as a caretaker in the home.

Originally, WIN was intended to help AFDC recipients become self-supportive by providing them with services such as counseling, education, and vocational training. Legislative changes in the 1970's led to more emphasis on public service employment and on-the-job training and less emphasis on counseling and training in institutions. WIN has a work-experience component in which AFDC recipients work without a salary for public and private non-profit agencies. Participation in WIN is limited to 13 weeks and is meant to help people gain job experience. It is not a means of working off the grant.

The present administration has proposed  
mandatory workfare programs  
for AFDC recipients

In 1981, the administration proposed to Congress the Community Work Experience Program, a new program that would be mandatory for all the states, would operate as a workfare program, and would be substantially different from WIN. Congress established the CWEP program with the Omnibus Budget Reconciliation Act of 1981, enacting legislation that reflects some but not all of the administration's CWEP proposal. Instead of requiring that the states establish CWEP as a workfare program, the act leaves it to the states to choose whether to initiate a CWEP and, if they do so choose, whether to approximate all or some of the goals of a workfare program. The act is sufficiently flexible that the states can set up other types of work and training projects under the label of "Community Work Experience Program."<sup>5</sup>

In documents intended to support the 1983, 1984, and 1985 budget proposals, the administration suggested that it expects CWEP to operate more clearly as a "compulsory requirement" for employable recipients, unlike WIN, which has been unable to place in work or in training many of the AFDC recipients who are required to register for it.<sup>6</sup> CWEP is not to be limited by WIN's

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<sup>5</sup>The act also allows the states to establish WIN demonstrations and work-supplementation programs. A WIN demonstration tests only administration by HHS, not joint administration by DOL and HHS. Work supplementation allows the states to reduce benefit payments to recipients and use the difference to help defray the costs of subsidizing employment opportunities.

<sup>6</sup>U.S. Congress, Senate, Administration's Fiscal Year 1983 Budget Proposal. Hearings Before the Committee on Finance, 97th Cong., 2nd sess. (Washington, D.C.: U.S. Government Printing Office, 1983), p. 261. At the end of fiscal year 1980, nearly half of the 1.6 million WIN registrants were classified as "unassigned"

lack of funding for job training. CWEP is to "place recipients in public service employment in return for welfare payments."<sup>7</sup> That is, the only compensation for work would be the welfare payment, and the amount of the payment would be proportional to the amount of work. In contrast, WIN has a work-experience component, but the time spent in working is unrelated to the grant amount and additional compensation (an "incentive payment") may be provided in return for the work.

The administration identified several goals for CWEP as a workfare program. Recipients would be helped to move to unsubsidized jobs. Those who are already able to work would be removed from the AFDC program. This would result in net AFDC program savings. A service of value would be provided to the community. Public opinion of AFDC would be improved.<sup>8</sup> The argument stressed most in the administration's proposal to require the states to establish CWEP's is that doing so would reduce AFDC's program costs.<sup>9</sup>

The administration expects CWEP to produce net budget savings as a workfare program, because CWEP's administrative costs would be more than offset by the termination and reduction of grants to the AFDC recipients who, by participating in CWEP, would find unsubsidized jobs. CWEP is presumed to give them work experience,

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to a work or training activity, and 62 percent of the adult AFDC recipients were not required to register for WIN. See U.S. General Accounting Office, An Overview of the WIN Program: Its Objectives, Accomplishments, and Problems, GAO/HRD-82-55 (Washington, D.C.: June 21, 1982).

<sup>7</sup>U.S. Congress, Senate, Administration's Fiscal Year 1983 Budget Proposal, p. 261.

<sup>8</sup>See Office of Management and Budget, Major Themes and Additional Budget Details, Fiscal Year 1983 (Washington, D.C.: U.S. Government Printing Office, 1982), p. 41, and U.S. Congress, House of Representatives, Administration's Proposed Savings in Unemployment Compensation, Public Assistance, and Social Service Programs. Hearings Before the Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means, 97th Cong., 1st sess. (Washington, D.C.: U.S. Government Printing Office, 1981), p. 11.

<sup>9</sup>For example, the administration estimated net savings of \$501 million in fiscal year 1985 from mandating job-search and community-work-experience (workfare) programs. However, the estimate of the Congressional Budget Office showed net savings of only \$40 million. (Federal costs for AFDC were projected to exceed \$7.7 billion in fiscal year 1983 with the state contribution bringing total costs to \$14.3 billion.)

increasing their employability and access to employment opportunities, which, in turn, is presumed to reduce or eliminate their need for welfare. The administration expects savings because the work requirement would "make welfare less attractive" to those who could find work in the private sector.<sup>10</sup>

The present administration has proposed other changes for the CWEP program

In 1982 and again in 1983, in budget documents and legislative proposals, the administration requested changes that would give the states less flexibility with respect to CWEP. These changes have not been enacted by Congress. The administration's proposals for fiscal year 1984 would require that all the states establish a CWEP program. For the first time, they would be penalized if they failed to achieve a specified level of participation by recipients at work sites.<sup>11</sup> These proposals would also terminate WIN, reducing the financial and program support for CWEP that it now makes available to some states. The proposals are as follows:<sup>12</sup>

--All the states would be required to establish comprehensive work programs consisting of at least job-search elements and CWEP. The states could also include an approved subsidized-employment program.

--All the states would be required to insure that able-bodied adult AFDC recipients not only register to participate but also actually do participate in work. If fewer than 75 percent of the AFDC recipients who would be required to participate in employment-related activities were not participating in the period included in a quality-control review, then a state would have made erroneously excessive payments and increased the general AFDC error rate. This in turn could decrease federal funds to the state. The bill specifies the applicants and recipients to whom these requirements would apply.

--The WIN program, described by the administration as not having proved its success, would be abolished.

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<sup>10</sup>U.S. Congress, Senate, Administration's Fiscal Year 1983 Budget Proposal, p. 291.

<sup>11</sup>See the proposed Social Welfare Amendments of 1983, submitted for the consideration of Congress on May 15, 1983.

<sup>12</sup>HHS, fiscal year 1984 budget, proposed to Congress on January 31, 1983, p. 48, and Office of Management and Budget, "Budget of the United States Government, Fiscal Year 1984," proposed to Congress on January 31, 1983, p. 5-125. The fiscal year 1985 proposals are the same as those for 1984, according to HHS officials.

## OBJECTIVE, SCOPE, AND METHODOLOGY

The 1981 CWEP legislation gave the states the option of establishing workfare programs and flexibility in implementing them. The workfare literature and budget and policy statements by the administration indicate that the goals of a workfare program are as follows:

- to implement a program in which the participants work off their AFDC benefits for no additional pay,
- to require all employable AFDC recipients to participate in the workfare program, and
- to reduce AFDC's costs while producing benefits for welfare recipients and their communities.

Our original intention was to determine from existing evaluations and data bases whether these goals had been met in the attempts before 1981 to establish workfare programs. However, in a careful review of the literature on workfare programs, we found that few evaluations, systematic or otherwise, have been conducted and that there are no appropriate data bases from which to ascertain whether the goals of the workfare strategy have ever been achieved anywhere.

In the nearly total absence of previous studies, and with 16 states starting new CWEP programs, we changed our objective. For this report, we examined the degree to which these 16 CWEP's have addressed and achieved the three workfare goals specified above. Emphasizing primary data collection, we made a systematic implementation survey of all newly created CWEP's. Our survey included the 16 states that had CWEP's in operation on February 1, 1983.<sup>13</sup> We visited 9 of these states--Colorado, Georgia, Idaho, Michigan, New York, North Carolina, Ohio, Oklahoma, and West Virginia--and held structured telephone interviews with officials in the 7 other states--Alabama, California, Delaware, Iowa, South Carolina, South Dakota, and Washington. In 4 states, we met with county officials. The officials we interviewed in the 16 states were directly responsible for CWEP; we also talked with other officials who had a significant interest in or the ability to have an effect on CWEP. Relevant portions of a draft of this report were reviewed by the 16 state offices to assure us of the accuracy of our information. Our work was performed in accordance with generally accepted government auditing standards.

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<sup>13</sup>According to HHS, 22 States had established or received approval for CWEP's by the beginning of fiscal year 1983, but 2 of them had terminated their CWEP's and 4 had not yet implemented their programs. In appendix I, we describe past programs that had workfare characteristics; in appendix II, we give some background information on the 16 CWEP's we discuss in the report and we describe the 6 that we do not discuss.

In conducting our review, we interviewed officials in the HHS Office of the Assistant Secretary for Policy and Evaluation and in the Social Security Administration. HHS reviewed a draft of this report and HHS's comments are provided in appendix III. Our response to these comments is also provided in appendix III.

The 1981 CWEP legislation gives the states considerable flexibility. We believe that it is particularly important to identify what they have been able to implement because the programs they have set up differ extensively, because there is substantial diversity in the states' AFDC programs, and because the recent proposals would make CWEP mandatory. Our attention to the implementation of CWEP is intended to be useful to Congress in conducting its oversight of programs operating under the 1981 legislation and in considering the legislative changes to CWEP proposed by the administration as part of the fiscal year 1985 budget process.

## CHAPTER 2

### COMMUNITY WORK EXPERIENCE PROGRAMS

#### COMPARED TO WORKFARE

In this chapter, we compare state CWEP programs to workfare. We present our survey findings in terms of research questions about the three workfare goals given in chapter 1:

- Have the states implemented programs in which the participants work off the value of their AFDC grants at unpaid jobs?
- Are all employable AFDC recipients required to participate in CWEP?
- Does CWEP reduce AFDC program costs and provide other social benefits?

#### DO CWEP PARTICIPANTS WORK OFF THE VALUE OF THEIR AFDC GRANTS AT UNPAID JOBS?

##### What the states may do with CWEP

The workfare goal of having program participants work off the value of their AFDC grants at unpaid jobs is made up of three components:

- participants are to perform work at job sites,
- they are not to receive additional pay for their work (their compensation is not to exceed the cost of their work-related expenses), and
- they are to participate in the program long enough to work off the grant amount at the minimum wage.

The federal CWEP legislation and regulations define these three points and what the states may do about them but do not stipulate them as requirements.

According to the legislation, the purpose of CWEP is to move its participants into regular jobs by providing them with on-the-job training and work experience. However, neither the legislation nor the regulations prohibit the states from including other work-related activities in their CWEP's. Work projects must serve a useful public purpose and be limited to public agencies and nonprofit organizations. Certain other conditions must be met by

- maintaining appropriate health standards and reasonable working conditions,

--not displacing employees or filling established but unfilled vacancies, and

--not requiring participants to travel an unreasonable distance or remain away from home overnight.

The legislation states that "to the extent possible, the prior training, experience, and skill of a recipient shall be utilized in making appropriate work experience assignments" (Public Law 97-35, sec. 2307(a)). Although workfare is generally defined as "work without pay," the CWEP regulations do not prohibit remuneration for work unless it is considered "salary."<sup>1</sup>

According to the federal regulations, the maximum number of hours a person may be required to work is calculated by dividing the total AFDC grant to the family by the federal or the state minimum wage, whichever is higher. The regulations do not, however, require that a participant work off a total grant by this formula, nor do they require that a participant stay in CWEP for any specific time. HHS has advised the states that they may keep down the monthly work requirement as a way of cutting costs.

#### What the states are doing with CWEP

##### Most but not all participants are at job sites

We found that CWEP participants are working at job sites in public agencies and nonprofit organizations. State officials frequently described the work as primarily maintenance or custodial, unskilled, or clerical. Other work is commonly as aides in food service, schools, or libraries.

CWEP's in eight states include activities in addition to work at job sites. Some activities can be substituted for hours at a work site, and participants are sometimes reimbursed for related expenses (the payment is then a CWEP administrative cost). Some states make such activities available to CWEP participants before, during, and after their weeks at work sites; some make them available to people who are not participants in CWEP. Seven states include job search as an activity in CWEP, either as a structured group program or as an individual activity; they are Georgia, Iowa (AFDC-UP), New York, North Carolina, Ohio, Oklahoma, and Washington.

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<sup>1</sup>In WIN work experience, the participants are reimbursed for all work expenses and receive an additional "incentive payment" of up to \$30 a month.

Four states have classroom training or peer-support sessions --New York, North Carolina, Ohio, and South Carolina. In Ohio, for example, CWEP participants must complete a 120-hour job-orientation course before going to work sites. The New York program also has emphasized training activities for CWEP participants: of the 900 CWEP participants in October 1982, some 600 were going to job sites while 300 were involved in a training activity or in job search. In North Carolina, 55 percent of the 621 CWEP participants were doing job search or job preparation rather than working at sites.

Some participants may  
receive additional  
compensation

Participants in some states receive compensation beyond the payment of their work expenses. Participants in Iowa's pilot program for single-parent families (AFDC-Basic), for example, receive an allowance equal to 15 percent of their basic AFDC grant in addition to the \$25 work-expense payment. In Oklahoma, the program pays participants \$6 for every full day worked, and \$3 for partial days, regardless of actual expenses, plus a one-time \$30 "start-up" payment. For participants who work full time, these payments can add up to more than \$100 a month.

Most participants do not  
work off the total grant

Most of the state programs do not require CWEP participants to work off the total grant while they are in CWEP and do not expect AFDC recipients to stay in CWEP for as long as they continue to be eligible. There are substantial differences between the states, partly because of the administrative procedures they use to determine how much time the participants must work. For example, participants in Georgia and North Carolina are allowed to work no more than 50 hours a month. Ohio recipients are exempt from participating if the size of their grants would lead to their working fewer than 60 hours a month. In California, Iowa, and Washington, participants are expected to work not more than 4 days a week. Program officials in Iowa report that participants volunteer to spend extra time at work sites and in Oklahoma that 75-80 percent of the participants work full time by volunteering to work hours not required of them.

Table 2 shows several of the state procedures that reduce the amount of time CWEP participants spend at work sites. For example, the calculation of hours to be worked can divide some amount other than the total grant by some value other than the minimum wage. Regulations in seven states establish a maximum number of hours that can be worked, regardless of the size of the grant, and in three others they limit participation so that work expenses do not exceed the available funds. CWEP activities other than working, such as job search or classroom training, are counted toward working off CWEP hours in five states. Five states

Table 2

State Procedures That Reduce the Time  
CWEP Participants Spend at Work Sites

<u>Procedure</u>	<u>State</u>
Deduction from AFDC grant before dividing by minimum wage	California South Dakota
Hours to be worked determined by dividing by usual wage for work rather than minimum wage	Michigan New York
Weekly or monthly limit on hours to be worked	California (32 hr/wk) Colorado (36 hr/wk) Georgia (48 hr/mo) Iowa (both programs 32 hr/wk) Michigan <sup>a</sup> North Carolina (50 hr/mo) Washington (128 hr/mo)
\$25 monthly limit on work-expense reimbursement	Alabama Iowa <sup>b</sup> New York
Substitution of other CWEP activities for work-site hours	Georgia New York North Carolina Ohio South Carolina
Monthly limit on time in program	California (3) Iowa (9) <sup>b</sup> Ohio (6) Oklahoma (6) Washington (4)

<sup>a</sup>Usually 40 or 80 hr/mo; some counties require only 10 with assignment to non-CWEP activities for the balance.

<sup>b</sup>Five-county AFDC-Basic pilot program; work expenses reimbursed at \$25 plus 15% of basic grant.

have set limits on the number of weeks a person may participate in the program.<sup>2</sup>

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<sup>2</sup>This feature is similar to WIN's limitation of work experience to 13 weeks. Colorado, Delaware, Idaho, and South Carolina limit the time at one work site but allow subsequent assignments.

According to the state officials in our survey, these procedures reflect several concerns that are more important than the general concept of determining the amount of work by the amount of payment. CWEP officials say that participants should have time to look for unsubsidized employment, for example. Thus, some programs have established a maximum number of hours that can be worked at a work site for participants whose grant amount would otherwise lead them to work full time or longer. The fixed number of weekly work hours makes it easier to administer the program and is believed to be preferred by work-site sponsors. Similarly, substituting other CWEP activities for work reflects the belief that they should be an integral part of the program. The classroom training in Ohio's program is considered so important that only the AFDC recipients who would be obliged to work 120 hours in 2 months (the duration of the class) are required to participate in CWEP.

The hours to be worked are reduced in some states to a number the state officials consider "fair." CWEP participants in California and South Dakota do not work off the part of an AFDC grant that the state has already recouped through child-support payments from absent parents. In Michigan and New York, if participants work in jobs that pay more than the minimum wage, the work can be assigned the value of the higher rate.

Some programs have a limit on the number of weeks that can be worked at a site. Limiting the time participants can spend at work sites means that more AFDC recipients can go through CWEP without increasing its administrative costs. It also reduces the work-site sponsors' dependence on CWEP participants as a source of free labor and increases their willingness to hire them as funds become available.

If all the states divided the AFDC grant by the minimum wage to determine time at a work site, participants in a given family size would still work different amounts of time from state to state. This is because of the differences in AFDC benefit payments. For example, in January 1983, the maximum monthly AFDC grant for a family of three in Alabama was \$118, while it was \$506 in California. If these grants were divided by the federal minimum wage, the Alabama participant would work 32 hours a month but the California participant would work 151 hours.

### Summary

Table 3 summarizes our comparison of state CWEP's to the workfare goal that participants work off their AFDC grants at unpaid jobs. The table shows that this expectation is met in only 3 of the 16 states in our survey--Delaware, Idaho, and West Virginia. The projects in these states are limited in other ways, however. The 20 participants in Delaware's CWEP were not required to participate but, rather, chose to. West Virginia's CWEP operates as a statewide workfare program but only for two-parent families: most of the women in AFDC households are exempt from CWEP.

Table 3

A Summary Comparison of State CWEP's  
to the Workfare Goal of Working Off  
AFDC Grants at Unpaid Jobs

<u>State</u>	<u>Other CWEP</u> <u>activities</u> <u>cannot replace</u> <u>work-site time</u>	<u>Participants</u> <u>receive no</u> <u>additional</u> <u>compensation</u>	<u>Participants</u> <u>work off</u> <u>the full grant</u>
Alabama	X	X	
California	X	X	
Colorado	X	X	
Delaware	X	X	X
Georgia		X	
Idaho	X	X	X
Iowa			
AFDC-Basic	X		
AFDC-UP		X	
Michigan	X	X	
New York		X	
North Carolina		X	
Ohio		X	
Oklahoma			
South Carolina		X	
South Dakota	X	X	
Washington		X	
West Virginia	X	X	X

The Idaho program is statewide, but less than a third of the people who are technically eligible for CWEP are required to participate.

In the other CWEP's, participants may substitute job search or training activities for time at a work site, receive compensation that exceeds work expenses, or work less time than would be required to work off the grant. These procedures reflect the emphasis that state officials place on attempting to improve participants' employability, even when improving it reduces the amount of work they provide to the community in return for their welfare payments.

ARE EMPLOYABLE AFDC RECIPIENTS  
REQUIRED TO PARTICIPATE IN CWEP?

What the states may do with CWEP

A distinguishing feature of CWEP is that the states could make going to an unpaid work site compulsory for all employable AFDC recipients. The statute and its regulations, however, only define which recipients "may" be required to participate; they do

not demand that every CWEP require them all to do so. Adults can be compelled to participate in CWEP only if they are receiving an AFDC grant and are also

--required to register for WIN and are working fewer than 80 hours a month at the minimum wage,

--exempt from WIN because they are caring for a child between the ages of 3 and 6 while adequate child care is otherwise available, or

--exempt from WIN because they live too far away from a WIN project but are within reasonable distance of a CWEP project site.<sup>3</sup>

The states can decrease or increase the number of employable adults in their CWEP programs, depending on whether they implement CWEP statewide and on whether they establish eligibility criteria that narrow or expand the group required to participate. The states are specifically informed in the regulations that they may keep program costs down by serving the least costly AFDC recipients--that is, those for whom work-related expenses are minimal.

#### What the states are doing with CWEP

##### Few current CWEP's are statewide

Table 4 shows the number of counties (or other welfare jurisdictions) included in each state's CWEP. We found that 11 of the 17 CWEP's in 16 states encompass less than a third of the counties in their states. Four states have included all their counties in CWEP. Some projects are less extensive than statewide because state officials (in Alabama, Georgia, Iowa, North Carolina, South Carolina, South Dakota, and Washington) wanted to test a limited pilot project before attempting to implement CWEP statewide.

In other states, participation depends on county interest, and many counties have chosen not to volunteer. In Colorado, Michigan, and New York, the counties were invited or allowed to implement a CWEP. In California and Ohio, the initiative for a limited CWEP came from the local level and state officials agreed to support a request for demonstration status. In Iowa, state

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<sup>3</sup>WIN requires the registration of all AFDC recipients unless they are younger than 16, children in school full time, ill, incapacitated, elderly, too far from a project, needed at home to care for a person who is ill, providing care substantially full time for a child younger than 6, employed at least 30 hours a week, or the parent of a child whose other parent is required and has not refused to participate. Recipients may not be required to participate in CWEP, however, if they are working 80 or more hours a month and earning the minimum wage or if their monthly AFDC grant is less than \$10.

Table 4

The Geographical Scope of State CWEP's by County

<u>Number of counties</u>		
<u>Less than one third</u>	<u>More than one third</u>	<u>Statewide</u>
Alabama (1/67)	Michigan (81/83)	Delaware
California (1/58)	Iowa (34/99) <sup>a</sup>	Idaho
Colorado (12/63)		Oklahoma
Georgia (10/159)		West Virginia
Iowa (5/99) <sup>b</sup>		
New York (18/58)		
North Carolina (6/100)		
Ohio (1/88)		
South Carolina (2/46)		
South Dakota (15/67)		
Washington (2/39)		

<sup>a</sup>County-operated programs for AFDC-UP.

<sup>b</sup>Pilot program for AFDC-Basic.

legislation required the state department of social services to initiate contracts with counties to operate CWEP's for two-parent households (AFDC-UP), but not all the counties have agreed to enter into such contracts. CWEP's may also differ from one county to another within a state. For example, how much time individual participants are expected to spend at work sites may differ, as in Michigan, and the activities that are included with work-site experience may differ, as in New York.

Many AFDC recipients are exempt  
from participating in CWEP

Most of the AFDC recipients whom the states define as eligible for CWEP--that is, those who may be required to participate--are the same persons who would be required to register for WIN. However, 9 of the 16 states have altered their requirements for CWEP participation to exclude some of those who are eligible for WIN or to include people other than AFDC recipients. The altered requirements usually concern the age of children and the availability of child-care arrangements.<sup>4</sup> Table 5, on the next page, shows the variations in state requirements that are related to

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<sup>4</sup>Other variations include limiting participation to people who are required to work at least 60 hours a month (Ohio) and to people who are younger than 60 (Michigan and South Dakota). One state (Michigan) includes both parents in two-parent households and recipients working more than 30 hours a week.

child care. The largest group of adult recipients who would be excluded from the work requirement consists of parents of children younger than 6. The major reasons for excluding them are the cost and the limited availability of adequate child care. Six of the 16 states have expanded their criteria to require CWEP participation of AFDC recipients who have children younger than 6 if child care is available.

Table 5

CWEP Participation Criteria  
Related to Child Care by State

<u>Criterion</u>	<u>State</u>
Includes parents with children 3-6 years if child care is available	Michigan, New York, North Carolina, Ohio, <sup>a</sup> Oklahoma, South Carolina
Includes parents with children under 3 years if child care is available	Michigan, Oklahoma
Exempt if child care is needed	Iowa <sup>b</sup>
Limited to 2-parent families, one parent providing child care	Iowa, <sup>c</sup> West Virginia

<sup>a</sup>Ohio parents needing child care are exempt unless they would work more than 100 hr/mo.

<sup>b</sup>Pilot program for AFDC-Basic.

<sup>c</sup>County-operated program for AFDC-UP.

Using criteria for participation in CWEP that are similar to those for WIN exempts many potentially employable adults. As table 6 shows, Michigan and Oklahoma are the only states in which as many as half of the AFDC cases have an adult who would be subject to the work requirement under CWEP. This is because these states go beyond WIN eligibility and require parents of children younger than 3 to participate in CWEP.

In some states, assigning people to CWEP is handled in the same way as assigning people to WIN work experience would be. That is, the legislation defines the AFDC recipients who are "employable" and, thus, the persons who must agree to participate in CWEP. Individual caseworkers determine who of these should be excused temporarily from the work requirement. The caseworkers also

Table 6

The Percentage of AFDC Cases in Which at Least  
One Adult Was Eligible for CWEP on February 1, 1983<sup>a</sup>

<u>State<sup>b</sup></u>	<u>Number of AFDC cases in CWEP counties</u>	<u>Adults eligible for CWEP</u>	
		<u>Number<sup>b</sup></u>	<u>% of cases</u>
Alabama	2,100	352	17
Colorado	8,426	<sup>c</sup>	38
Delaware	10,500	4,000	38
Georgia	1,731	327	19
Idaho	6,951	1,310	19
Iowa			
AFDC-UP	13,935	<sup>c</sup>	
AFDC-Basic	2,524	1,147	45
Michigan	231,712	199,871 <sup>d</sup>	86
New York	40,061	12,000	30
North Carolina	4,957	2,330	47
Ohio	853	<sup>c</sup>	
Oklahoma	23,768	16,000	67
South Carolina	8,839	2,725	31
South Dakota	2,931	1,071	37
West Virginia	20,340	5,679	28

<sup>a</sup>Data are from January 1, 1983, for some states. Excludes California and Washington, which limited the number of CWEP participants.

<sup>b</sup>Includes CWEP volunteers.

<sup>c</sup>State did not have data.

<sup>d</sup>Because Michigan can require both adults in 2-parent households to participate in WIN, some of these adults may be in the same AFDC case.

use "employability plans" or departmental priorities as guidelines for determining who would benefit more from work experience than from job clubs, training, and other such activities. Only those who are thought to need work experience are required to participate in CWEP or in WIN work experience.

Programs in 11 of the 16 states allow the AFDC recipients who are not required to participate in CWEP to volunteer for it. We have included volunteers in counting the numbers of persons who are eligible for and who participate in each program. In Idaho, for example, we found that 30 percent of the participants are reported as volunteers. The other states report smaller percentages.

Most people who are eligible for CWEP  
do not participate in it

Table 7 shows the percentage of eligible AFDC recipients actually in CWEP at the beginning of February 1983. Although the numbers of participants in the states ranged from 20 to 6,849, only Alabama (237 participants) included as many as half of the AFDC cases defined as eligible to participate. Of the 12 states for which data were available, 7 reported less than 20 percent of their eligible group as participating in CWEP. No state had as many as 20 percent of its AFDC cases participating in CWEP.

Table 7

The Percentage of AFDC Recipients Eligible  
for and Participating in CWEP on February 1, 1983<sup>a</sup>

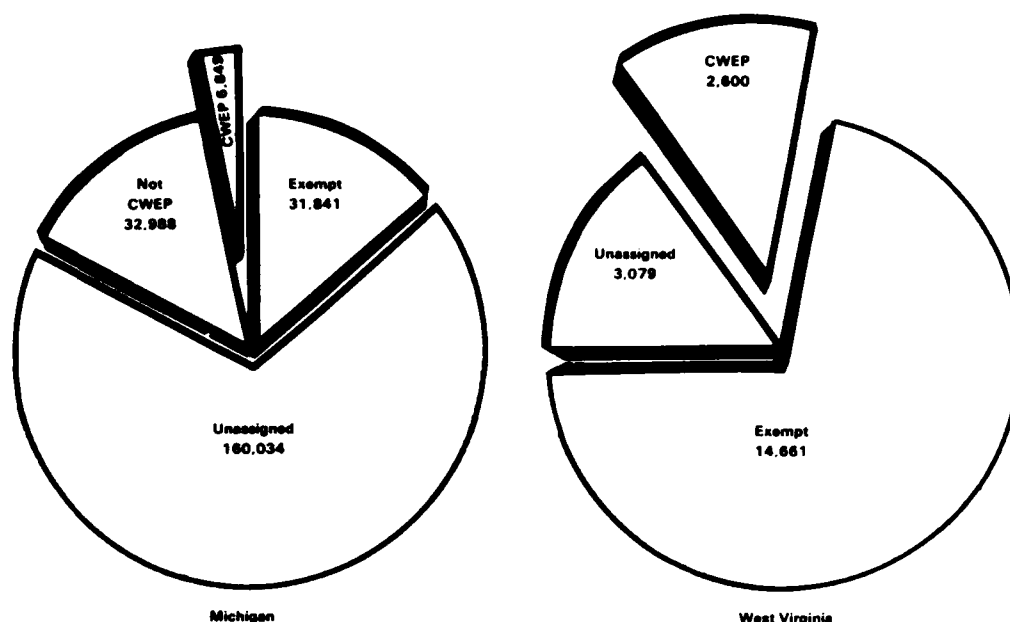
<u>State</u>	<u>Number of participants</u>	<u>% of total AFDC cases</u>	<u>% of adults eligible for CWEP</u>
Alabama	237	11	67
Colorado	268	3	b
Delaware	20	<1	<1
Georgia	120	7	37
Idaho	379	5	29
Iowa			
AFDC-UP	428	3	b
AFDC-Basic	57	2	5
Michigan	6,849	3	3
New York	1,095	3	9
North Carolina	621	13	27
Ohio	162	19	b
Oklahoma	2,097	9	13
South Carolina	74	<1	3
South Dakota	174	6	16
West Virginia	2,600	13	46

<sup>a</sup>Data are from January 1, 1983, for some states. Excludes California and Washington, which limited the number of CWEP participants: in January 1982, California had 103 in San Diego county, Washington 60 in Spokane and Pierce counties.

<sup>b</sup>State did not have data.

The proportion of AFDC cases in CWEP in the states with the most extensive CWEP programs is illustrated in the accompanying figure. With almost 7,000 CWEP participants, Michigan has more AFDC recipients in CWEP than every other state, yet less than 5 percent of its AFDC cases are represented by an adult in CWEP.

## The Proportion of AFDC Cases in CWEP in States with the Most Extensive CWEP Programs



Approximately 14 percent are assigned to some other component of Michigan's WIN demonstration. The next largest in size, West Virginia's CWEP program has 2,600 participants but only 13 percent of the state's AFDC cases. However, because only AFDC-UP recipients, who are mostly fathers, in West Virginia are required to participate in CWEP, this percentage represents almost half of the people who are defined as required to participate in CWEP in that state. The WIN demonstration in West Virginia provides no other work or training activity for people who are not in CWEP.

### Summary

Table 8, on the next page, summarizes the relationship between the states' implementation of CWEP and their establishment of the workfare goal that all employable recipients of public assistance participate in work programs. When given the option, only 16 states decided to participate in CWEP and these implemented the program in only a few areas. Only 4 started it statewide. More importantly, most states with CWEP's chose eligibility criteria for these programs that are similar to the criteria for WIN. Only Michigan and Oklahoma have extended the program to include parents of children younger than 3. Therefore, even the programs that are operating statewide include only a fraction of the "employable" recipients of public assistance.

Table 8

The States' Implementation of CWEP Compared  
to Their Establishment of the Workfare Goal  
That All AFDC Recipients Participate in CWEP<sup>a</sup>

<u>State</u>	<u>All counties have CWEP</u>	<u>Half+ AFDC cases have adults eligible for CWEP</u>	<u>A third+ adults eligible for CWEP are in CWEP<sup>b</sup></u>
Alabama			X
Colorado			
Delaware	X		
Georgia			X
Idaho	X		
Iowa			
AFDC-Basic			
AFDC-UP	C		
Michigan	C	X	
New York			
North Carolina			
Ohio			
Oklahoma	X	X	
South Carolina			
South Dakota			
West Virginia	X		X

<sup>a</sup>Excludes California and Washington, which limited the number of participants.

<sup>b</sup>Only the Alabama CWEP includes as many as half the adults who may, according to their eligibility criteria, be required to participate.

<sup>c</sup>More than a third of the counties have CWEP.

The obstacles to expanding CWEP

In our survey, state program officials explained the limited participation of adults in CWEP as a lack of need for CWEP, the problems with child care and transportation, and the difficulty of matching the participants' skills to the skills that are needed at the work sites.

The lack of a need for CWEP

In some states, it was reported that all the AFDC recipients who needed work experience were getting it. This explanation came from the states--Delaware, Oklahoma, and South Dakota--in which CWEP is one component of a larger WIN program. In these

states, caseworkers decide who needs the work experience that CWEP provides and who does not. They require only the persons whose employability would clearly be improved by going to a CWEP work site to participate. Others go to another type of work and training experience or are encouraged to continue looking for a job. In these states, CWEP is emphasized for its benefit to AFDC recipients rather than for the work that they do in the community. The program in Delaware is not mandatory even when program officials believe that an AFDC recipient should be in it--there is no penalty for recipients who choose not to participate in CWEP.

#### Work-related needs

Work-related needs, especially those for child care and transportation, were frequently mentioned as reasons for not placing AFDC recipients who are otherwise eligible for a work program.<sup>5</sup> The states find that these services are costly and not widely available (transportation in rural areas is difficult, for example). According to federal regulations, CWEP must provide for the participants' transportation and other reasonable and necessary costs they must pay in order to be in the program. The states may provide these services, pay a third party to provide them, or reimburse the participants for costs they have incurred. The federal government pays 50 percent of the cost of a participant's work expenses, so long as the monthly reimbursement does not exceed \$25. If a state reimburses participants more than \$25, it must cover the difference.

The states have dealt with the cost of meeting work-related expenses in a variety of ways. States like New York, on the one hand, keep down the number of hours that participants must work. Michigan obtains federal money that matches participants' monthly reimbursements greater than \$25 by considering CWEP a component of the WIN demonstration, which does not have the \$25 limit.<sup>6</sup> Other states reimburse participants more than \$25 from money that does not come from federal funds. For example, Iowa's Coordinated Manpower Services Program pays \$25 plus 15 percent of the basic grant (expected to add up to an average \$79 a month). Oklahoma pays either \$6 or \$3 a day, depending on the number of hours worked, plus a \$30 "start-up" payment. California and Washington reimburse expenses that exceed \$25 if they are documented. On the other hand, South Carolina attempts to keep costs down by providing no reimbursement at all; AFDC recipients for whom the program

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<sup>5</sup>Officials in 9 of the 11 states where CWEP is not a component of a larger employment program described this as a problem. In the 2 other states, experimental research designs determine who is placed in CWEP and who goes into other programs.

<sup>6</sup>With this approach, a state may also receive a more favorable matching of overall administrative costs: the federal share of WIN administrative costs is 90 percent, of CWEP only 50 percent.

cannot directly provide transportation or day care are exempt from CWEP.

The problems of the availability of day care and of transportation have also been dealt with in a variety of ways. Single parents of children under 6 are exempt because of day-care needs in all but 6 of the states' CWEP's. The Oklahoma CWEP can accommodate large numbers of parents of small children, because the state has a network of day-care centers funded by title XX. Idaho and South Carolina increase the number of places in day-care centers for CWEP children by employing CWEP workers as day-care aides. Some states provide transportation directly (South Carolina sometimes provides a van), some purchase it as a service (Washington buys bus tokens), and some reimburse the participants for it. Other states arrange for work-site sponsors to provide transportation (West Virginia), encourage participants to ride in car pools (Ohio), or allow participants to ride a school bus (Idaho).

#### Matching participants to jobs

Officials whom we interviewed in most of the states did not describe any problem in finding enough work sites. Instead, they referred to the difficulty of finding appropriate jobs, especially to the difficulty of finding them close enough to the participants' homes. This was mentioned as a problem in Colorado, Georgia, Idaho, Iowa, and South Carolina.

#### Summary

Officials in the states that have implemented CWEP give several reasons why participation in the program is lower than the legislation allows. One major reason is that the states have to pay everything in excess of \$25 for the work-related expenses of the participants. To save money, the states have lessened the participation requirements or even exempted AFDC recipients who could work but had expensive child-care or transportation needs. Other states require participation from people who are eligible only if officials believe that the work experience would be beneficial--that is, work is not an unqualified requirement in CWEP. Finding appropriate work sites is another problem that the states have tried to resolve in a variety of ways.

#### DOES CWEP REDUCE AFDC COSTS AND PROVIDE OTHER BENEFITS?

Little information is available about the effectiveness of CWEP in helping AFDC recipients obtain jobs, removing from AFDC those who are already able to find work, reducing AFDC program costs, or accomplishing other goals. In our previous examination of HHS's evaluation of the CWEP demonstration projects, we concluded that only one of the five demonstrations active in fiscal year 1982 (the one in Michigan) might be able to answer questions about CWEP's effectiveness, but even that evaluation plan has been

abandoned.<sup>7</sup> CWEP's that do not have HHS's approval and funding as demonstrations have also not evaluated CWEP's effectiveness.

Some studies that are under way may soon provide information. For example, demonstrations that HHS has approved for two counties in Washington and for San Diego, California, have research designs that may make it possible to report on program costs and the extent to which reductions in AFDC benefits can be attributed to CWEP. The San Diego demonstration will be evaluated by the Manpower Demonstration Research Corporation (MDRC), a nonprofit organization that is working with several states to evaluate their new work-welfare programs, which include CWEP's and others. MDRC has emphasized the use of experimental designs in these evaluations, which will allow some degree of confidence in conclusions about whether the results that are observed come from the new programs or from something else.

Despite the lack of evaluative data on CWEP, state officials have made tentative conclusions about the success of their programs. They believe their programs provide a valuable service to the community, psychological benefits to the participants, and greater public confidence that the welfare system is fair. There is little empirical evidence to support their conclusions, however.

Opinions are mixed about whether CWEP can reduce the cost of AFDC. Alabama's pilot project, for example, was not extended beyond the one county because its administrative costs substantially exceeded the original calculation of savings from terminating and reducing AFDC grants. Officials in other states report skepticism about the ability of their programs to produce AFDC savings but have no firm information. Conversely, Oklahoma officials assert that using the waiver that allows them to include parents regardless of the age of their children in the state's WIN demonstration (which includes CWEP) resulted in approximately \$150,000 in net savings in one year. They plan nevertheless to reduce the size of CWEP because of its cost. New York officials believe that they have saved money from CWEP while acknowledging that they have no data that support the belief.

Determining whether CWEP is effective is difficult, because a great many related issues must be considered. For example, the net value to a work-site sponsor of work that is performed at each site has to allow for the administrative burden of supervising the CWEP participants. Similarly, the benefit to the CWEP participants has to be balanced against the expense to other workers, if the CWEP workers are given the jobs of those who would otherwise be paid for performing that work.

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<sup>7</sup>In that report, Does AFDC Workfare Work? Information Is Not Yet Available from HHS's Demonstration Projects, GAO/IPE-83-3 (Washington, D.C.: January 24, 1983), we examined HHS's approach to evaluating the 11 CWEP demonstration projects that HHS had approved by the beginning of fiscal year 1983.

Considering whether CWEP reduces net AFDC costs is also difficult, because costs and savings differ by levels of government. For example, the cost of AFDC benefit payments is shared by the federal and state governments according to a formula that varies for each state by its average per capita income. On the average, the federal government pays about 55 percent of each benefit dollar. Some states pay the rest while others require local governments to share some of the remaining cost. Similarly, the federal government pays 50 percent of administrative costs, including CWEP administrative costs, for all the states, leaving them to finance the remaining 50 percent. Since the federal government pays 90 percent of administrative costs under the WIN program, however, the states that operate CWEP as a component of WIN, covering CWEP's administrative costs under the WIN funding

Table 9  
The State Administrative Relationships  
Between CWEP and WIN

<u>CWEP benefits from WIN resources</u>		
<u>As a component of WIN</u>	<u>Using WIN resources in other ways<sup>a</sup></u>	<u>CWEP is independent of WIN resources</u>
Delaware	Alabama	California <sup>b</sup>
Michigan	Colorado	Georgia <sup>c</sup>
Oklahoma	Idaho	Iowa <sup>d</sup>
South Dakota	Iowa <sup>e</sup>	Ohio <sup>f</sup>
West Virginia	North Carolina	
	New York	
	South Carolina	
	Washington	

<sup>a</sup>In counties that have WIN and CWEP, recipients who are mandatory WIN registrants but not assigned to a WIN component are referred to CWEP, except in North Carolina, in which CWEP benefits from using WIN funds to pay staff and fund some activities.

<sup>b</sup>WIN and CWEP co-exist in San Diego county, but eligible clients are assigned randomly to WIN, job search, or job search and CWEP.

<sup>c</sup>Georgia counties that have CWEP do not have WIN.

<sup>d</sup>CWEP is one component of, and benefits from the resources of, a larger employment program similar to a WIN demonstration in this five-county pilot program for AFDC-Basic.

<sup>e</sup>County-operated program for AFDC-UP.

<sup>f</sup>Eligible recipients are referred simultaneously to WIN and CWEP.

ratio, pay only 10 percent of the administrative costs of CWEP.<sup>8</sup> Meanwhile, they share almost equally with the federal government in whatever savings come from reducing what is paid out in AFDC grants because people leave AFDC as a result of participating in CWEP. Table 9 shows the administrative relationship between CWEP and WIN.

The cost of CWEP is less in the states in which it is operated in conjunction with a WIN program. As the table shows, in 13 of the 16 states, the CWEP program benefits to some degree from WIN. The range of benefits is extensive: WIN staff may do, and pay for, the initial screening and employability assessments (with only the AFDC recipients who are not accepted into WIN being sent to CWEP) or WIN may provide CWEP with some staff, office space, and other resources or CWEP may be an integral part of a WIN demonstration and have full access to its resources.

### SUMMARY

AFDC workfare programs are expected to provide benefits to the AFDC recipients who participate in workfare, to the AFDC program itself, and to the community as a whole. If CWEP were an example of a workfare program, then examining its effect would provide evidence to support or refute this expectation. As we have shown, however, CWEP does not constitute an example of a workfare program. Only 3 of the 16 states that operate CWEP's (Delaware, Idaho, and West Virginia) have programs in which participation in CWEP is similar to participation in a workfare program, and even in these states most of the employable adults who receive AFDC benefits are not required to participate in CWEP.

The evidence on the effectiveness of CWEP is inconclusive. It may or may not be producing AFDC budget savings. It may be valuable for reasons other than hoped-for savings from AFDC, however. This is because the different cost-sharing formulas mean that administering CWEP may cost the federal government less than alternative work-welfare approaches. It is also because CWEP may prove desirable if it provides the unmeasured benefits to its participants and to the community that many state program officials believe exist. Evaluations in progress may yet provide some information on all this.

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<sup>8</sup>West Virginia, for example, can serve a larger percentage of the people who are eligible for CWEP than it otherwise would because it uses the 90-10 ratio for administrative costs. Michigan receives a federal reimbursement for CWEP participants' work expenses that exceed \$25 a month because they are treated as WIN expenses, of which 90 percent are reimbursable.

## CHAPTER 3

### SUMMARY AND OBSERVATIONS

#### SUMMARY

The 1981 CWEP legislation allows the states to develop "workfare" programs for their AFDC recipients, but in our survey we found that the programs the states had established by February 1, 1983, did not typically address the goals of workfare. These goals are to

- implement a program in which the participants work off their AFDC benefits for no additional pay,
- require all employable AFDC recipients to participate in the workfare program, and
- reduce AFDC's costs while producing benefits for welfare recipients and their communities.

We found that the participants in the CWEP programs in 13 of the 16 states that have one are not required to work off the value of their AFDC grants at unpaid jobs. The various state programs substitute job-search or classroom-training activities for some CWEP hours, provide compensation that exceeds work expenses, or mandate fewer hours a month or fewer months than would be required to work off an entire grant.

We also found that most employable adult AFDC recipients are not participating in CWEP because

- only four state programs are statewide,
- many adults are exempt from participating, and
- many adults who are not exempt are not required to participate.

The state CWEP's are limited in size and geographical scope. One reason for this is that they are generally restrictive in defining eligibility and the duration of participation. For example, defining CWEP participants as individuals who do not have young children has helped some states save on child-care expenses. The states tend to exclude individuals who do not have access to transportation. Keeping the numbers of participants small and limiting their work experience to certain time periods has helped some states save on administrative expenses.

We found that the CWEP's the states have established neither implement nor address the essence of the workfare concept. Therefore, evaluations of CWEP's effect do not constitute tests of workfare's effects. It is not yet known whether successful implementation of workfare would reduce long-term AFDC costs.

One of the primary reasons the administration gave for proposing CWEP as a workfare program is that it would help save money. In our discussions with state officials, we found that there is little evidence that net AFDC costs have changed because of CWEP. The same officials believe, however, that CWEP provides other benefits for AFDC recipients and the larger community. Most state officials believe that their CWEP programs provide a service to the community, help the participants psychologically and give them work skills, and increase the public confidence that the welfare system is fair. However, there is little empirical evidence to support these views.

#### OBSERVATIONS

The administration has proposed several legislative changes that would require that CWEP be implemented more like a workfare program. These changes include

- requiring all the states to implement comprehensive work programs that would include CWEP,
- requiring all able-bodied adult welfare recipients to register for the work programs and participate in work, penalizing each state if it did not employ at least 75 percent of its welfare recipients, and
- abolishing WIN and replacing it with these programs.

We believe that if these changes were enacted, the short-term costs of CWEP would increase. However, if CWEP were implemented as workfare, we do not know whether there might be long-term AFDC savings that would more than offset the initial increase in CWEP's costs.

One reason that CWEP's short-term costs would rise is that the states' work programs would be substantially larger than they are now. For example, Michigan's present eligibility standards would raise to almost 200,000 the number of adults it would have to screen, place at work sites, and compensate for work expenses. Michigan's current CWEP is the largest in the nation, and it has fewer than 7,000 participants. Most of the states would have to hire staff they do not now have to administer expanded programs.

Another reason CWEP's costs would rise is the larger number of participants for whom work expenses would have to be paid. For example, under current regulations, eligibility for CWEP is determined primarily by the WIN criteria. The states have been allowed to expand eligibility for CWEP, including other previously exempt adults such as parents of children 3 to 6 years old, or to narrow it, excluding all single parents, for example. Most of the states have chosen not to include single parents who have young children because the cost of child care for them is greater. Under the administration's new proposals, however, CWEP would be

required to include adults with greater child-care needs, and CWEP's administrative costs would go up.

Abolishing WIN and replacing it with something combining an expanded CWEP and a job-search program would also raise CWEP's costs. Many of the states' CWEP's have received substantial, indirect benefits from WIN, which provides staff, office space, equipment, and procedures for screening and processing cases. Some states have also benefited directly, by using WIN's 90 percent federal funding for CWEP costs rather than CWEP's 50 percent. Operating CWEP in the absence of WIN would increase the cost of CWEP in these states.

Long-term AFDC savings might offset the initial increase in CWEP's costs. This is because the workfare concept expects savings from helping welfare recipients get jobs and from making ineligible for AFDC those individuals who are already able to find work. The workfare concept also expects nonfinancial benefits, including an improvement in the psychological well-being of the program's participants, the provision of a service of value to the community, and an enhancement of the image the public has of welfare programs. Since the workfare concept has not been implemented--and, thus, not evaluated--in the states, it is not known whether workfare can produce long-term savings and benefits.

### PAST PROGRAMS WITH WORKFARE CHARACTERISTICS

In the past, work programs have primarily involved recipients of state or local general assistance and, to a lesser extent, food stamps. In 1977, state, county, city, or township programs were available in 19 states with general assistance for employable recipients.<sup>1</sup> Since 1979, food-stamp recipients have been required to work in exchange for their benefits in demonstration projects in some counties in 17 states.<sup>2</sup> For AFDC recipients, in contrast, there have been only two work programs with workfare characteristics--in California and Utah--since 1967.<sup>3</sup> In this appendix, we describe these two attempts to implement workfare for AFDC recipients.

Our information about California's AFDC workfare program comes from published studies that directly examined its implementation and effectiveness. Our analysis of the California data is based on the only two empirical studies. The first, by California's auditor general, reviewed program operations and was conducted at about the midpoint of the demonstration. The second, by the California Employment Development Department (EDD), was the final report to HEW on the effect and feasibility of the demonstration. Our analysis of Utah's data relies on a report by the regional HEW office and on material provided by state program officials during our visit.<sup>4</sup>

### PROGRAM DESCRIPTIONS

The California Community Work Experience Program is considered the genesis of most recent efforts to institute workfare

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<sup>1</sup>James G. Koppel and Megan Murphy, A Study of General Assistance Workfare Programs (Washington, D.C.: National Association of Counties Research, 1978).

<sup>2</sup>U.S. General Accounting Office, Food Stamp Workfare--Cost Benefit Results Not Conclusive; Administrative Problems Continue, CED-82-44 (Washington, D.C.: February 19, 1982).

<sup>3</sup>There have been other work programs for AFDC recipients that might be called workfare. In our review of these programs--in Massachusetts, Minnesota, and Virginia--we found that they did not actually contain the items necessary to meet our definition of workfare. For example, they were not mandatory, or participants worked only a limited and fixed number of weeks.

<sup>4</sup>Office of the Auditor General, California Work Experience Program (CWEP) (Sacramento, Calif.: May 1974); Employment Development Department, Third Year and Final Report on the Community Work Experience Program (Sacramento, Calif.: April 1976); and U.S. Department of Health, Education, and Welfare (Region VIII), Utah Work Experience and Training Assessment (Washington, D.C.: December 1978).

programs for AFDC recipients. It was a 3-year demonstration begun in 1972 as part of a major reform designed to curb the rapidly increasing costs of California's AFDC program. The goals of the program were to

- prove that such a program was administratively practical,
- reduce dependence on welfare,
- discourage new welfare applications, and
- reduce welfare costs.<sup>5</sup>

Before being assigned to the program, AFDC recipients were expected to search for unsubsidized employment. If they found no job, they were sent to a specialized training program like WIN. If neither jobs nor training were available, recipients were expected to participate in the workfare program. They were required to spend a maximum of 80 hours a month in public service jobs without compensation. The number of hours might be less for people whose grants were small and could be "worked off" in a shorter time. Work-related expenses were covered by county welfare departments and the agencies for which the participants worked.

Utah's Work Experience and Training (WEAT) program was created in 1974 and is designed to provide constructive activity for AFDC and general-assistance recipients who are employable but unemployed. According to Utah officials, the program is the legislative embodiment of the philosophy that work is important in people's lives and that they should be willing to work for the social welfare benefits they receive. It attempts to establish a wide variety of work projects in areas where clients live so that lack of transportation will not be a hardship and so that assignments can be matched to skills. Its goals are to increase the participants' skills and to develop new ones to make them more employable.

Utah's officials view the program as an extension of WIN, describing it as serving the people who have registered for WIN but not been assigned to one of its activities. However, some WIN registrants are assigned to WEAT for "training" before going into a WIN component. This is thought to constitute a transition for people who have few skills and little work history.

Utah sets a limit of \$25 a month on work expenses that are reimbursable to each participant, who can, however, be paid more by demonstrating the need for more work-expense money. In addition, participants assigned to WEAT for training under WIN can

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<sup>5</sup>Office of the Auditor General, California Work Experience Program, pp. 2-3.

receive an incentive payment, and their reimbursement for expenses is not affected by the \$25 ceiling. All clients are required to work 96 hours a month, and there is no limit on the length of participation. Work sites are in agencies of the local, county, and state governments and in private nonprofit organizations.

#### PERCENTAGES OF EMPLOYABLE PARTICIPANTS

Before it was terminated, the California program served a very small proportion of the people who had been eligible for it. The intention had been to serve able-bodied AFDC recipients who had not been assigned to some training activity. The program's officials had expected to enroll 30,000 participants during the first year but never came close to this number. Participation never exceeded 1 percent of the total AFDC caseload; in the first year, it was less than 4 percent of the first-year target of 30,000 participants, or less than 1,500. For the second year, the expectation was dropped to 5,500, but in the first 9 months of that year fewer than 30 percent of this were enrolled, or 1,040 of the expected 4,125. In the 3 years of operation, there were 9,627 assignments to work sites. Activity was highest in 1974, when 4,760 individuals participated--2.6 percent of those who were potentially eligible and 0.2 percent of the AFDC cases in the counties that had the program.

California's Employment Development Department identified the following events as significant in keeping the number of participants down:

- In a pending court case, it was highly likely that an injunction would stop the program. This and other adverse legal interpretations led county officials to be very cautious, so that many counties did not begin to operate the program until well into the second year.
- The state legislature voted to end the program in 1974, but the governor vetoed the legislation.
- The state legislature mandated that WIN slots be filled to a certain level before AFDC recipients could be placed in the work experience and training program, but WIN assignments in many counties fluctuated below the established levels, so that placements could not be made.
- AFDC recipients, social workers, and county welfare directors opposed the program.
- Some counties refused to participate or allocated so little money for work-expense payments that the number of AFDC recipients who were able to participate was severely limited.
- Staff in county offices reported that the program was operated as if it were voluntary rather than mandatory. Staff

were highly selective in screening clients, which reduced the number of referrals, job assignments, and sanctions.

--Some public agencies that might have been work sites were not, because their staff were already busy supervising subsidized workers in the state's public-employment program.

The group eligible for Utah's WEAT program is similar to California's, but Utah has been more successful meeting expectations about the percentage to be placed in work sites. The AFDC recipients who are required to participate in Utah's program are those who have not been assigned to a WIN component (it also includes general-assistance recipients and refugees). Others may be assigned to WEAT for WIN training activity. Mandatory WIN registrants who are labeled "unassigned recipient" are screened for WEAT assignments, which are then temporarily waived, the cases are closed, or the recipient given an assignment, depending on the findings from the screening interview.

Utah officials provided us with a summary of AFDC activity from WEAT's beginning in June 1974 through December 31, 1980, during which time 25,387 AFDC recipients in WIN were in the "unassigned" category and screened for WEAT assignments.<sup>6</sup> In total, 7,990 AFDC recipients were assigned to WEAT projects; 13,035 assignments were temporarily waived; the remaining 4,362 cases were closed during screening. The number of clients at work sites varied: at its peak, the monthly average was 618, but it also fell to as low as 217.

A close look at the most recent statistics, for July 1, 1980, to December 31, 1980, shows that 79 percent of the persons who were required to participate in WEAT were actually assigned to work sites. In that 6-month period, 1,206 clients who had been classified as "unassigned recipient" under WIN were screened for WEAT assignments. The number of potential WEAT placements was reduced to 853 when 353 clients were found to be ineligible for WEAT because they had become exempt from WIN, had been placed in WIN, or were employed more than 20 hours a week. The 853 was reduced further by the 167 cases that were closed rather than assigned to WEAT (that is, they no longer received AFDC payments), leaving 686 clients who could be assigned to work sites. Of these, 539, or 79 percent, were assigned to work sites and the remaining 147, or 21 percent, had their assignments waived because they had temporary medical problems, there was no suitable WEAT site in their immediate area, or they needed but lacked child care, among other reasons.

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<sup>6</sup>Utah no longer produces summary statistics on the WEAT program. The last period for which data were reported was July 1 through December 30, 1980. The number of individuals may have been less than 25,387, since a person can enter, leave, and re-enter WEAT and be screened on both entries.

PROGRAM TIES TO WIN

The California program had and the Utah program has had very close ties to the WIN program. In California, 25 of the 35 counties with workfare programs also had a WIN program. All but 4 of the 25 also had an "employables" program, operated by the state Employment Development Department, with the assistance of welfare staff in county employment offices, to help participants find job training and jobs. The workfare program staff were the same staff who operated WIN and the "employables" program. AFDC recipients were referred to workfare only if they could find no suitable job or training under either WIN or the employables program.

In Utah, WIN staff generally coordinate WEAT activities. At times, WIN support services have been provided for WEAT clients. Some work-related expenses are paid under the federal reimbursement formula for WIN rather than the new CWEP.

PROGRAM EFFECTS ON AFDC COSTS

Neither workfare program offers much evidence about its effectiveness. An evaluation of California's workfare program by the state Employment Development Department compared counties that had the workfare program with counties that did not. Although the report's writers offered the caveat that the low levels of participation and uncontrolled variables meant that conclusions might not be warranted, they also asserted that

- there was a significant increase in AFDC applications in program counties in comparison to nonprogram counties,
- there was no difference between the counties in the rate at which cases were closed because jobs were found,
- there was no significant difference in the average AFDC grant, and
- the statistical indicators stipulated in the contract with HEW did not show that the program achieved any of its objectives with regard to its effect on AFDC.

Utah officials believe that the WEAT program has many benefits for both the participants and the AFDC program. However, they have not attempted to document these benefits, or their costs, nor have they attempted to determine whether they can be attributed to WEAT alone.

BACKGROUND INFORMATION ONAFDC "WORKFARE" PROGRAMS

In this appendix, we provide general background information on the Community Work Experience Program as we found it in the 16 states in which it was active in February 1983. We also briefly describe the 6 state CWEP's that we did not include in our report because they had either ended or not yet begun.

CWEP'S DISCUSSED IN THIS REPORT

The CWEP's we describe in this report began at different times during 1982. By February 1983, the participants had been at work sites for at least 4 months in every program. The programs in Oklahoma and West Virginia had been active for more than a year.

In eight states, the CWEP's were either mandated by the state legislature or prompted by the welfare agency's anticipation of possible legislation. The programs in Alabama, Georgia, Idaho, Iowa, and South Dakota were mandated by the state legislatures. In New York, North Carolina, South Carolina, and Washington and in Iowa's five-county pilot program for AFDC-Basic, agency planners chose to start limited pilot projects in order to avoid being affected by federal or state legislation requiring the statewide implementation of CWEP.

However, some CWEP's were initiated by a social service agency for other reasons. For example, the agency officials' decisions to implement CWEP's in California, Michigan, New York, and South Carolina were influenced by those officials' experience with work programs for recipients of food stamps or general assistance. They regarded those programs as successful and chose to extend them to AFDC recipients when the opportunity arose. In other states, the decision to operate CWEP was influenced by recent experiences with work programs for AFDC recipients. Idaho had operated a program like CWEP for 5 months under a waiver from HHS before its CWEP was approved. Oklahoma had had a similar voluntary work program for AFDC recipients for 7 years before the federal legislation was enacted that allowed the state to make the program mandatory.

Of the 16 states that had CWEP's in February 1983, half were operating HHS-approved demonstration projects. The programs in Michigan, North Carolina, Ohio, and Oklahoma were given demonstration status in fiscal year 1982 and waivers of legislative provisions that enabled them to follow procedures not ordinarily allowed. The programs in California, South Carolina, and Washington were granted demonstration status in fiscal year 1983 as well as special federal project funds for administration and evaluation. The program in New York was originally approved in fiscal year 1982, then extended and funded in 1983.

CWEP'S NOT DISCUSSED IN THIS REPORTArkansas

The Arkansas CWEP began as a component of the state's WIN demonstration in Crawford, Jefferson, Pulaski South, and Sebastian counties. The goals of CWEP were to reduce the number of people on the welfare rolls and to turn AFDC recipients into taxpayers. Mandatory WIN registrants were the target group. All CWEP participants went through job-search activities before being assigned to CWEP. CWEP emphasized the placement of young unwed mothers, new AFDC applicants, and people who had been out of the labor force for less than 2 years. At the start, state officials projected that about 1,000 AFDC recipients would participate in CWEP by the end of 1983.

The program is officially described as having begun in October 1982, but the first clients went to work sites in February 1983. Thus, Arkansas did not meet our criterion of sufficient implementation--all the other CWEP's that we reviewed and report on had been placing recipients in jobs for at least 4 months. The CWEP in Arkansas has since been replaced by work experience under a WIN demonstration. Effective July 1, 1983, this change allows the state to require people to spend more time at work sites and thereby gain work experience that is more like private employment. Under CWEP's federal regulations, the average person would otherwise work only 40 hours a month, because of the small size of the state's average AFDC grant.

Kentucky

CWEP was implemented in Kentucky in September 1982. It was a very small and limited project that operated in only one county (Franklin). Its primary purpose was to provide AFDC recipients as clerks and typists through December 1982, for the state's personnel department. Changes in Kentucky's personnel system had inundated it with work but additional staff could not be hired. The CWEP participants were to receive priority treatment whenever paid jobs opened, and they included people in WIN classified as "unassigned recipients" who met relevant criteria. Fourteen recipients were screened, five were selected for jobs, and the program was discontinued in December 1982. HHS reports that Kentucky reinstituted CWEP in August 1983, and expanded it to eight counties.

New Mexico

HHS selected New Mexico in the fall of 1982 as a CWEP demonstration site. Implementation was delayed for several reasons, including HHS's requiring the state to develop an effective evaluation plan. State officials told us that they were about halfway through that process on February 1983, that project staff had just been hired, and that they expected to begin the program in a few weeks.

The objective of New Mexico's CWEP is to design, implement, and test a work experience program that prepares selected AFDC recipients for regular employment. First priority is given to any parent who will soon become ineligible for AFDC because of the age of the youngest child, but three other groups are given a second level of priority. The project will be operated in one county (Dona Ana) for 42 AFDC recipients.

### North Dakota

North Dakota implemented a CWEP pilot project in February 1982 in Barnes and Morton counties with seven or eight participants each. The objectives were to give work experience to employable recipients of AFDC that would help them move into unsubsidized employment and to provide the community with services, through the CWEP workers, that had been curtailed by budget cutbacks.

CWEP defined WIN "unassigned recipients" as its participants and exempted AFDC recipients with preschool children because of the cost of child care. The project placed every recipient who was deemed employable. In August 1982, the number was less than 10 in each county.

When the pilot project began, the state officials wanted to see if CWEP should be expanded to other counties, but only the two counties were willing to participate because of

- philosophical disagreement with workfare,
- welfare staffs' being already overworked by all the other AFDC program changes, and
- participants' not being covered by workers' compensation.

This meant that there were too few AFDC cases to allow the state to draw conclusions about the project's effectiveness, and it was discontinued in October 1982. HHS reports that six counties began the operation of a CWEP in October 1983.

### Pennsylvania

HHS selected Pennsylvania in the fall of 1982 as a CWEP demonstration site and awarded it special federal project funds. The state is required to evaluate the effectiveness of the program, which is one component of a larger statewide welfare reform initiated by the state legislature. The CWEP is viewed as the "last resort" component. Most of the employable welfare recipients will be served by other program components, and the CWEP will be used only for those who need work experience in order to develop their skills. The training and recruitment of work sponsors began in January 1983. The participants were to start in March 1983. First priority is given to general-assistance recipients, second

to AFDC, with no distinction between single-parent and two-parent families.

### Virginia

In January 1983, Virginia began the Employment Services Program, a statewide WIN demonstration. The state's CWEP is one component of the program, which was only beginning in February 1983, although some jurisdictions were implementing the program faster than others. The state has approximately 20,000 WIN registrants and expects 4,000 to participate in CWEP.

HHS selected Virginia in the fall of 1982 as a CWEP demonstration site. The demonstration would have consisted of pilot projects in six welfare jurisdictions and would have allowed the state to require the participation of parents of children between 3 and 6 years old. The terms of Virginia's demonstration were changed, however, so that demonstration funds will not be used for program implementation in some parts of the state. Those funds will be used instead to evaluate the effectiveness of combining job-search activities and CWEP in the statewide program.

HHS COMMENTS AND OUR RESPONSE

We submitted a draft of this report to the U.S. Department of Health and Human Services (HHS) for review and comments. HHS replied with a letter that begins in this appendix on page 42. HHS described our report as demonstrating

"an understanding of the basic facts relating to the Community Work Experience Program (CWEP) and [as presenting] substantial factual material regarding the experience of States which have elected this option."

However, HHS said that the report contains "conceptual misunderstandings" with regard to "the Administration's position, current State practice and CWEP findings."

A central concern of HHS is that the definition of workfare used in our report does not accurately reflect the AFDC workfare program proposed by the administration. Our response to this comment is that our definition of workfare is drawn from the administration's testimony to the Congress on the CWEP program (see our discussion on pages 5-7). HHS does agree with our designation of the goals of workfare, a designation that is based on our definition of workfare. HHS does not agree with the order in which we have listed the goals, but the disagreement is based on the inaccurate assumption that we listed the goals by order of importance.

HHS asserts that "The only major discrepancy between existing CWEP's and the Administration's proposal is in the level of participation." We agree that there is a major discrepancy between existing CWEP's and workfare in the level of participation by AFDC recipients. The concept of workfare stresses that it is important to the program's success that it have high participation rates. However, in our review of existing CWEP's, we found that few states have high participation rates (see table 6). The administration's proposal would require all states to operate a CWEP and would require the participation of 75 percent of all persons who are not exempt.

If the administration's proposal is enacted, a major difference between existing CWEP's and the workfare concept will, thus, be substantially resolved. However, we found several other important differences. Some CWEP's, for example, substitute classroom time and job search for work, and the CWEP's are significantly varied (in ways unrelated to the grant amounts) in the time participants spend in working. If CWEP is to be like workfare, such differences will have to be resolved.

HHS is concerned that our report does not properly reflect "the continued expansion of the CWEP," pointing out that the total number of states that have CWEP has risen to 22 from the 16 we report on and that the geographical coverage and the number of participants have been enlarged. In an effort to update our

information from the 16 states for which we collected February 1, 1983, data, we found that, by August and September 1983, the states were reporting few significant changes in the scope of the existing CWEP's.

In commenting on our conclusion that there is little evidence on the benefits of CWEP, HHS states that "there have been numerous press reports and statements by participating recipients and agency officials attesting to the value" of CWEP. We believe that attention from the "media" constitutes proof not of the program's effectiveness but of its controversial nature. In our report, we present the views of several state agency officials concerning the effectiveness of their programs.

HHS comments, as a means of asserting CWEP's effectiveness, that several states have reported the placement of 20-30 percent of their work program participants in unsubsidized jobs. The use of these numbers for this purpose is misleading. Several research studies have demonstrated that movement is fluid on and off the AFDC rolls because of employment. A 20-30 percent work-placement rate might be typical for employable AFDC recipients. Unless we know what a "normal" or "expected" rate of movement is among these groups of AFDC recipients, we have no reasons to view 20-30 percent placement rates as anything more than normal and expected for AFDC recipients whose characteristics make them eligible for the work program. Without a controlled evaluation that compares the experiences of AFDC recipients who are in a work program with the experiences of similar recipients who are not, CWEP's effectiveness or success as a means of moving AFDC recipients into unsubsidized employment cannot be demonstrated.

HHS provided other, technical comments to which we have responded in the final report where appropriate.



## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Office of Inspector General

DEC 16 1977

Mr. Richard L. Fogel  
Director, Human Resources  
Division  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Fogel:

The Secretary asked that I respond to your request for our comments on your draft of a proposed report "CWEP Implementation Results to Date Pose Problems for the Administration's Proposed Mandatory Workfare Program." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely yours,

*Richard P. Kusserow*  
Richard P. Kusserow  
Inspector General

Enclosure

COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE  
GENERAL ACCOUNTING OFFICE'S DRAFT REPORT, "CWEP IMPLEMENTATION  
RESULTS TO DATE POSE PROBLEMS FOR THE ADMINISTRATION'S PROPOSED  
MANDATORY WORKFARE PROGRAM"

The draft report demonstrates an understanding of the basic facts relating to the Community Work Experience Program (CWEP) and presents substantial factual material regarding the experience of States which have elected this option. However, it contains conceptual misunderstandings related to the descriptions of the Administration's position, current State practice and CWEP findings.

Our principal concern is that the report's definition of workfare does not accurately reflect the AFDC "Workfare" program proposed by the Administration. Instead of using the text of the Administration's FY 84 legislative proposals or, for that matter the language in the existing law and regulations, GAO appears to have developed its own concept of workfare and to have selected goals for it. As a result, the report greatly exaggerates the differences between the existing CWEP and the Administration's proposal. Several of the CWEP rules which the report considers incompatible with "workfare" are consistent with the Administration's FY 84 proposal. For example, the Administration agrees:

1. The principal purpose of these programs is "to provide work experience and training for individuals not otherwise able to obtain employment, in order to assist them to move into regular employment." The Administration also supports the three goals set forth in GAO's report.
2. Consistent with the purpose of CWEP programs, job placement should receive priority over other activities, including workfare. For this reason, under the Administration's FY 84 proposal, individuals would be required to seek regular unsubsidized employment prior to CWEP participation and periodically as CWEP participants.

3. CWEP participation does not entitle an individual to compensation for work performed or to a salary. Also, under the FY 84 proposal, specific limits are placed on maximum hours of participation, irrespective of grant size, to allow for participation in job search.

The only major discrepancy between the existing CWEPs and the Administration's proposal is in the level of participation and whether States must operate such programs. The proposal would set the number of hours individuals would be required to participate based on the grant divided by the minimum wage. All States would be required to operate programs and to have 75 percent of non-exempt individuals actually participating.

Several other misleading statements derive from the exaggerated distinctions made between current CWEP and the Administration's proposed program. Among them are:

- o p. i and p. 1 CWEPs can be programs "which have little similarity to the concept of workfare."
- o p. viii "Whether CWEPs save money or attain other goals is thus irrelevant in justifying workfare."\*
- o p. iv "Little information is available about the effectiveness of CWEP (as a non-workfare program)..."

A second major concern is that the report does not properly acknowledge the continued expansion of the CWEP. As of September 30, 1983, 22 States were operating CWEPs (compared to the 16 discussed in the report). Two additional States (Virginia and Pennsylvania) have adopted CWEP Statewide.

Many States have expanded their geographical coverage and number of participants. Because of this continued growth, the discrepancy between current practice and the Administration's proposal has narrowed.

Another concern is the statement (p. 25) that there is little evidence available to support the positive opinions of State officials on the benefits of operating CWEPs. We recognize that information on the effectiveness of CWEPs from a rigorously controlled experiment is not yet available.

\*GAO note: deleted.

However, there have been numerous press reports and statements by participating recipients and agency officials attesting to the value of these programs. Also, several States (including Oklahoma, California, Iowa and West Virginia) have reported to us that they have succeeded in placing at least 20 to 30 percent of their CWER participants in regular, unsubsidized employment.

The report fails to acknowledge the positive outcomes of Utah's Work Experience and Training (WEAT) program. It says that "according to State officials, there have been no evaluations of the (WEAT) program's impact on the AFDC program or on individual participants." Although we agree that it is difficult to determine the exact impact of the WEAT program, according to figures supplied by the State, 17 percent of those selected for participation had their cases closed prior to assignment because they found full-time employment. Of those who were actually assigned, 34 percent obtained employment after their assignments. The appendix contains statistics from the WEAT program, but not figures on entered employment.

Although the work programs have not been in operation a long time, their results are promising and, contrary to the report's statements, bode well for the success of the Administration's proposed program.

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